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Annual Report

JEWEL TEA CO., INC.

1952

Certificate of Ownership in

JEWEL

and what is behind it

CERTIFICATE OF OWNERSHIP IN JEWEL AND WHAT IS BEHIND IT

This annual report, in addition to the usual information, contains a more detailed description of the physical things in which the capital provided by our shareowners has been invested. This material appears in a special section beginning on page 11.

JEWEL TEA CO., INC.
Jewel Park, Barrington, Illinois
Report for the Fifty-three Weeks Ended January 3, 1953

1952 RESULTS IN BRIEF

And Comparison with 1951

	1952	1951
Retail sales	$226,291,961	$209,244,029
Earnings:		
Before all taxes	$ 11,649,982	$ 12,273,350
After all taxes	3,159,060	3,584,299
Reinvested in the business	916,266	1,342,369
Earned per share of common stock	$ 5.12	$ 5.87
Dividends per share of common stock	3.50	3.50
Net working capital	$ 23,757,369	$ 22,808,160
Ratio of current assets to current liabilities	2.8 to 1	2.7 to 1
New property, plant and equipment (net)	$ 1,672,942	$ 3,704,690
Depreciation provision	2,033,462	1,908,935
Operating units:		
Number of Home Service Routes	2,126	2,089
Number of Retail Food Stores	160	157
Square feet of floor space	1,057,469	992,645
Shareowners	6,336	6,351
Employees	6,949	6,758

MANAGEMENT'S REPORT

February 10, 1953

To Jewel Shareowners and Employees:

This message and the supporting financial statements describe the operations of your company during its 54th year. Jewel operates on a 52-week fiscal year made up of 13 accounting periods of four weeks each. Every fifth or sixth year an extra week must be added. Because 1952 was such a year, results reported are for the 53 weeks ended January 3, 1953.

Highlights of the year are shown on the opposite page. Audited financial statements appear on pages 19 to 24.

SALES-EARNINGS-DIVIDENDS

Retail sales for 1952 totaled $226,291,961 and established a new high for the 9th consecutive year. This is an increase of $17,047,932 or 8.1% over last year. About 3/4ths of this gain in sales may be attributed to larger quantities of merchandise sold and the remainder to higher retail prices resulting from higher costs.

Both the Retail Food Stores and the Home Service Routes contributed to the over-all sales increase for the year. During November and December, retail prices on the average were lower than a year ago. The entire sales gain during these two months, which was at a higher rate than for the year as a whole, came entirely from increased tonnage. An example of this shift in retail food prices can be seen in Jewel's beef prices in December 1952, when round steak, roasts and hamburger sold at 4¢ to 11¢ per pound below the previous year.

Company net earnings, as detailed on page 20, totaled $3,159,060, equal after preferred dividends, to $5.12 per common share. This compares with net earnings of $5.87 reported for last year. Earnings in the Home Service Routes Department were below a year ago due largely to substantial development expense in connection with the further expansion of our Catalog Shopping Service. On the other hand, in keeping with industry experience, earnings in the Retail Food Stores Department were higher than a year ago.

The trend in earnings improved substantially during the last half of the year in both departments, as anticipated in our Midyear Report. Earnings before Federal income taxes during the last half of the year were 7% above a year ago, compared to a decline of 29% in the first half year.

Dividends on the common stock were continued at the quarterly rate of 75¢ per share. In addition, a special dividend of 50¢ per share was paid in December bringing the year's total to $3.50 per share, the same as was paid in 1951. The year 1952 marked the completion of 25 years of uninterrupted quarterly common dividends. During this quarter century nearly $33,000,000 has been paid to the owners of our common stock.

COSTS OF DOING BUSINESS

Most expenses were higher dollarwise than in 1951. Wages and salaries were also higher in relation to sales volume. This increase in expense reflects not only the personnel added to handle the larger sales volume, but also increases in fixed salaries and wages as well as in compensation measured by sales. The company contribution for profit-sharing and retirement purposes was 17.2% less than last year, reflecting lower earnings of the company this year. Higher prices for many of the services and supplies we buy contributed to the overall increase in expense.

There was no appreciable change in the spread between the cost of merchandise to us and the retail prices we charged. Not only was this true in both departments of the business, but it was equally true in respect to both "price controlled" and free market merchandise lines. As has been the case time and again, this demonstrates the inescapable fact that the forces of supply, demand and competition—as administered by the American homemaker—are the real "price controllers", and that any effort to substitute unrealistic and inflexible regulations results in harm to all concerned—producers, distributors and consumers.

TAXES

Your company's taxes continue to bulk far larger than net earnings. In 1952 our total tax bill was $8,490,922 as compared with net earnings of $3,159,060. In relation to the year's net result, this means that the cost of government absorbed the earnings of 39 weeks' business, while the return for shareowners for supplying the necessary

capital was limited to the remaining 14 weeks. This does not include the further taxes paid by shareowners on earnings distributed to them in the form of dividends. It is encouraging to note, however, that interest in the elimination of this incentive-stifling double taxation continues to mount, even in Government circles.

As is the case with all businesses, the number of different kinds of taxes your company pays is almost unbelievable. We pay one or more of 90 kinds of taxes in each of the communities in which we operate. The largest such local tax in our case is the Illinois Retailers' Occupational Tax, which originated 20 years ago as an emergency measure to meet relief needs during the depression.

Our estimated excess profits tax base was increased for 1952 due to additional credit for borrowed capital and retained earnings. Taxable net earnings did not reach our new 1952 base, and under carry-back provisions of the law we will recover in full the $148,000 accrued for excess profits taxes in 1951.

PHYSICAL GROWTH

From the shareowners' point of view, the size to which our company has grown over the years is perhaps best portrayed by the descriptions of our present assets in the special section of this report beginning on page 11.

During the current year 44 new Home Service Routes were put into operation in established territories, while 7 routes were closed because changed local conditions resulted in uneconomical operation. Retail Food Store expansion was marked by the opening of 10 new stores and the closing of 7 outmoded stores. Square feet of floor space in the chain increased by 64,824 to total 1,057,469 square feet at the year end.

While physical growth was modest during 1952 there were three developments which point to opportunities for greater growth in the years immediately ahead:

1. A program of Retail Food Store expansion based on intensive market analysis which provides for an increase from our present 160 stores to a total of 200 stores in operation by the end of 1955. This program, including enlargement and relocation of present stores, will result in a new store opening almost every two weeks. Many of the new stores will be located in nearby communities which we do not now serve.

2. General acceptance by our Home Service customers of our Catalog Shopping Service, with the result that $14,679,000 of sales came from this new merchandising method in its first full year of operation.

3. A recently negotiated union contract which permits, for the first time, the sale of pre-cut, ready-packaged meats in the city of Chicago and certain suburban areas. We now have 19 stores with self-service meat departments, three of which are in the area opened up by the new contract. Because of advance planning, meat departments in 41 of our remaining 141 stores may be readily converted to self-service as fast as personnel can be trained to man them. Sales and earnings trends of stores featuring self-service meats are most encouraging.

These growth opportunities, along with the need for additional warehousing and physical facilities to provide for efficient handling of an expanding business, will require substantial additional capital.

FINANCES

Net working capital at the year end was $23,757,369 while the ratio of current assets to current liabilities stood at 2.8 to 1. Comparable figures a year ago were $22,808,160 and 2.7 to 1. The increase in net working capital is summarized in the following statement:

Funds made available by:	
Net earnings	$3,159,060
Depreciation provision	2,033,462
Sale of common stock to employees	59,235
	5,251,757
Funds used for:	
Dividends	2,242,794
New property, plant and equipment (less net book value of sales and retirements)	1,672,942
Increase in premiums advanced to customers	332,561
Preferred stock purchased for sinking fund	54,251
	4,302,548
Increase in net working capital	$ 949,209

The demands on capital made by the substantial growth of your company in recent years, along with the additional growth opportunities previously outlined in this report, suggest the desirability of strengthening our common equity position. Your Board of Directors today voted to ask shareowners to amend the company charter at their annual meeting on March 31, 1953. Such action would accomplish a 2-for-1 split of the common stock, both issued and unissued, resulting in two new shares of $1 par in place of each present share of no-par common stock. The change from a no-par to a $1 par will result in substantial savings of issue and transfer taxes. From the new authorized but unissued shares, the Board plans to offer approximately 142,000 shares through rights entitling shareowners to purchase one new share for each eight shares held after the split.

This program contemplates obtaining funds by common stock financing for the first time in 25 years. During this span of years our annual sales have increased from $15,970,893 to $226,291,961, while total assets have grown from $6,898,081 to $49,472,267. Funds to support this growth have come from retained earnings, borrowings and preferred stock.

Further details of the program, together with other pertinent information, will be given in the annual proxy material to be mailed to shareowners about February 27, 1953.

CATALOG SHOPPING SERVICE

Last year we briefly described the new catalog shopping service on our Home Service Routes. Because of the newness of this venture it might be well to quote from that description:

> "Customers order catalog merchandise in the usual manner from Route Salesmen who, in most cases, prepare and forward individual orders directly to Barrington for processing. Delivery is made by parcel post (other means of shipment are also used when service and economy dictate) direct to the customer's home. Merchandise handled by this method is subject to the same guarantee of satisfaction, and the same credit privileges, as items displayed and delivered by Route Salesmen."

As mentioned earlier, $14,679,000 of general merchandise was handled in 1952 on this basis. Over the past year valuable experience has been gained in this new activity. Expenses in relation to sales

at first were high, but with more volume and further operating improvements there has been an encouraging trend in this expense ratio.

We shall be pleased to forward a copy of our new Home Shopping Service Catalog to any shareowner who returns the postcard which is inside the back cover of this report.

JEWEL PEOPLE

No message to shareowners would be complete without a tribute to the people who have made the record contained in this report. Each Jewel employee gets satisfaction and compensation from making each purchase by our customers a pleasant experience. This spirit of service is strong throughout the company and is our most valuable asset.

OUTLOOK

Sales and earnings for January 1953 compare favorably with a year ago. While this reflects results for only one month, many economists foresee a high level of business activity for the year as a whole, with active consumer buying. A near-record crop and production year in 1952 promises plentiful supplies of food and other merchandise. Some fear has been expressed that by 1954 or 1955 a reduction in defense expenditures may lead to a temporary excess of supplies over consumer demands. It would not be wise to disregard this possibility. However, a reduction in government spending accompanied by a corresponding reduction in taxes would make possible a vast increase in the standard of living of American consumers, and further substantial growth in the markets served by your company.

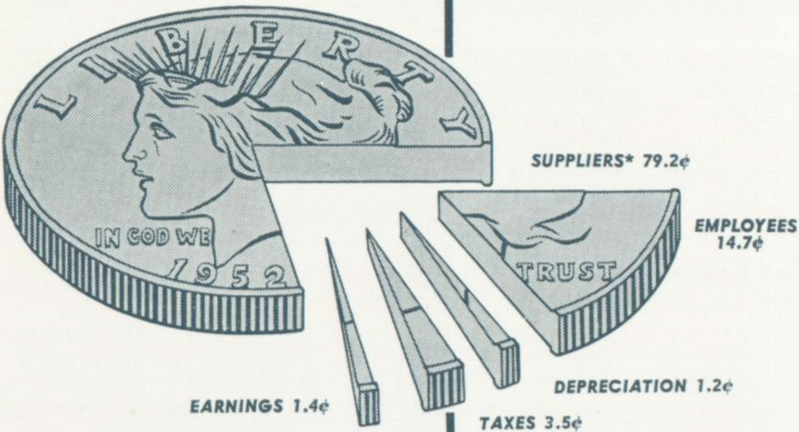
G. L. Clements
President

F. J. Lunding
Chief Executive Officer

For the Board of Directors

John M. Hancock
Chairman

HOW OUR 1952 SALES DOLLAR WAS DISTRIBUTED



COMPARISONS WITH 1951
and the 1946-1951 average

	1952	1951	1946-1951 Average
TOTAL SALES AND REVENUES (Millions of Dollars)	$ 227	$ 210	$ 157
DISTRIBUTION (Per $1 of Sales):			
Suppliers*, etc.	79.2¢	78.6¢	77.2¢
Employees, including social security taxes	14.7	14.6	15.5
Federal, state and local taxes	3.5	3.9	3.8
Depreciation, maintenance and repairs	1.2	1.2	1.0
Earnings	1.4	1.7	2.5
	$1.00	$1.00	$1.00

**Includes products, materials, services, rents, interest and doubtful accounts.*

FIFTEEN YEAR REVIEW

JEWEL TEA CO., INC.

FINANCIAL GROWTH

At Year End	Working Capital	Property, Plant and Equipment	Accumulated Earnings *(Unappropriated)*	Total Assets
1938	$ 4,748,740	$ 2,550,136	$ 2,702,412	$ 9,736,125
1939	4,680,060	2,547,016	2,693,101	10,048,473
1940	4,349,799	2,875,499	2,984,451	10,697,025
1941	8,482,145	4,098,007	2,394,903	16,478,214
1942	8,703,936	4,133,221	2,494,387	16,504,033
1943	9,310,997	3,606,478	2,810,398	16,668,472
1944	9,950,699	3,235,274	3,226,590	18,119,350
1945	10,477,657	3,170,386	3,701,801	19,882,034
1946	10,584,128	3,965,473	4,815,732	22,975,700
1947	12,316,903	6,009,800	5,883,706	28,252,954
1948	12,617,578	8,103,790	7,857,184	32,321,364
1949	13,327,459	9,456,800	9,789,539	34,910,525
1950	15,459,246	9,727,494	12,024,839	41,455,896
1951	22,808,160	11,523,249	13,367,208	49,313,240
1952	23,757,369	11,162,729	14,283,474	49,472,267

OPERATING PROGRESS

Year	Retail Sales	Payments to or for Employees	Taxes Paid *(except social security)*	Per Common Share	
				Net Earnings	Dividends
1938	$ 23,694,444	$ 5,580,860	$ 895,059	$2.54	$2.50
1939	24,649,052	5,776,771	940,619	2.83	3.00
1940	29,089,863	6,179,988	1,232,662	2.82	2.40
1941	41,541,405	7,585,286	2,174,337	2.60	2.40
1942	53,077,779	8,773,444	2,238,733	2.03	1.80
1943	52,212,105	9,371,233	1,416,182	1.69	1.15
1944	56,899,845	10,544,661	2,508,641	2.12	1.40
1945	63,364,000	11,846,044	3,381,001	2.33	1.50
1946	88,237,518	15,455,305	3,644,382	4.72	2.75
1947	130,477,490	20,301,740	4,612,106	5.58	3.00
1948	152,990,515	23,590,914	5,861,967	6.66	3.15
1949	168,787,620	25,696,802	6,056,203	6.93	3.40
1950	188,688,928	28,099,258	7,864,143	7.16	3.20
1951	209,244,029	30,608,096	8,142,072	5.87	3.50
1952	226,291,961	33,451,893	7,928,396	5.12	3.50

SPECIAL SECTION

DESCRIPTION OF YOUR COMPANY'S ASSETS

Your ownership in Jewel embraces many different things—cash, store fixtures, merchandise, automotive equipment, etc. Investment in these items is shared by common shareowners, preferred shareowners and creditors. The shareowners' equity in each of our many assets as of January 3, 1953 may be determined as follows:

Total assets		$49,472,000	100%
Deduct:			
Current indebtedness—suppliers, taxes, payrolls, etc.	$12,897,000		
Long term indebtedness	8,000,000	20,897,000	42
Shareowners' total equity		$28,575,000	58%

The pages which follow give a word picture of each of our assets as they appear on the Balance Sheet, rather than only that portion attributable to shareowners' investment.

MONEY *(Cash)*—$5,740,000

All businesses require working-cash funds. A part of our cash—$3,548,000—was actually in transit from 2,126 Route Salesmen and 160 Store Cashiers to our headquarters banks. This "pipeline" cash at the close of any week represents sales made during the last two or three days of the week. In addition to this constant flow of "pipeline" cash there must be maintained at all times adequate bank balances to meet payrolls and to discount bills. This is essential to a good credit standing.

BONDS *(U. S. Government Securities)*—$5,524,000

Any funds not currently needed for the payment of bills and payrolls are invested in short-term United States government securities. Included in this category are those funds which are accumulated to meet some specific obligation falling due at a future date. As an example, 40% of the 1952 Federal income tax bill (approximately $1,265,000) will have to be paid on March 15, 1953. In addition to these temporary funds and funds earmarked for future payments, we also try to keep on hand at all times more permanent liquid funds as a cash reserve for possible unusual demands on our business.

CUSTOMERS' CHARGE ACCOUNTS *(Accounts Receivable)*—$5,736,000

Typical of the low-cost food chain industry, our Retail Food Stores operate exclusively on a cash-and-carry basis. On the other hand, the Home Service Routes, with substantial sales of general merchandise and grocery specialties, extend credit to a large seg-

ment of their customers. After allowance for doubtful credit, these customer accounts are valued at $4,937,000. Each customer's general merchandise account is limited to $75.00 and is payable within 20 weeks. Grocery accounts are on an accommodation basis, limited to purchases made at one delivery and payable at the next delivery two weeks later. For the past seven postwar years our bad debt losses from credit sales have averaged less than ½ of one percent of annual Routes sales volume. Our current experience is slightly higher.

In addition to retail customers, we extend credit in the normal course of operations to others with whom we do business. Such items are relatively small and consist mainly of charges against suppliers for returned merchandise, coupon redemptions, etc., billings for wholesale and salvage sales, and nominal employee loans and advances. Altogether these total $799,000.

MERCHANDISE ON HAND (*Inventories*)— $18,960,000

Stocks of merchandise and raw materials are our largest single asset. It is our policy to maintain inventories only up to a level consistent with good customer service, and not to speculate on future markets. Every effort is made to limit quantities on hand to minimum stocks in terms of weeks' supply.

Our inventories cover a broad segment of the American homemakers' daily needs, ranging from highly perishable fruits, vegetables and meats in our Retail Food Stores to grocery specialties and general merchandise lines on our Home Service Routes. Our Retail Food Stores regularly stock some 2,400 different items while our Home Service Routes offer approximately 1,400 different food

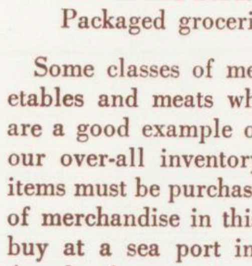
specialties and general merchandise items. The bulk of the general merchandise is offered through our Home Shopping Service Catalog, described elsewhere in this report.

Some of our major classes of inventory are as follows:

Green coffee	$2,171,000*
Canned goods	3,014,000
Housewares and furnishings	2,515,000
Clothing	1,465,000
Health and beauty aids	772,000
Packaged groceries	3,565,000

Some classes of merchandise have a rapid turnover. Fresh vegetables and meats which are shipped daily to Retail Food Stores are a good example of this type of merchandise, which helps keep our over-all inventory turnover at a relatively high rate. Other items must be purchased well in advance of actual sale. An example of merchandise in this category is green coffee, which we generally buy at a sea port in South America, ship to Barrington or Los Angeles for roasting and packaging, and then deliver to our Stores and Routes.

EXPENSES PAID IN ADVANCE *(Deferred and Prepaid Items)*—$2,350,000



As a separate caption on the Balance Sheet we carry the cost value of the many Premiums which have been advanced to customers on our Home Service Routes. Any item of general merchandise which we handle may be "advanced", in whole or in part, as a Premium. The customer is given these items (within prescribed credit limits) and permitted to pay for them by Bonus Credits on subsequent purchases of food or household supply items bearing the Jewel label. In 1952, customers received Premiums with a retail value of $5,692,000 as their bonus

*Green coffee is valued on the LIFO (last-in, first-out) basis. The actual market value at year end was $3,622,000.

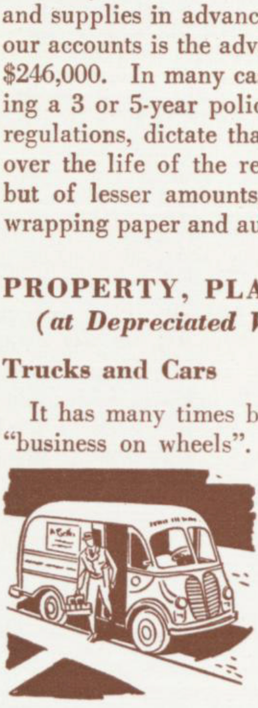
for trading with Jewel. Unredeemed Premiums in the hands of customers at the year end totaled $1,655,000 (at cost) spread fairly evenly over approximately one million customers.

In any business it is often necessary and desirable to buy services and supplies in advance of current needs. The largest such item in our accounts is the advance payment of insurance premiums totaling $246,000. In many cases a more favorable rate is obtained by buying a 3 or 5-year policy. Good accounting practice, as well as tax regulations, dictate that insurance premiums be charged to expense over the life of the respective policy. Other items of this nature, but of lesser amounts, cover rent, stationery and office supplies, wrapping paper and auto supplies. All these totaled $449,000.

PROPERTY, PLANT AND EQUIPMENT
(at Depreciated Values)—$11,163,000

Trucks and Cars

It has many times been said that the Home Service business is a "business on wheels". Our 2,574 pieces of automotive equipment bear this out. A summary of this equipment follows:



Man-high route trucks	2,159
Panel delivery cars	213
Supervisory passenger cars	145
Heavy duty dray trucks	57
	2,574

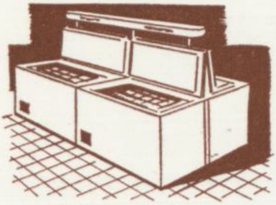
This fleet requires a net investment of $2,718,000 and under normal conditions is replaced within a six-year cycle. All of our Home Service Routes are now equipped with modern man-high vehicles, as illustrated in the adjoining sketch. In addition to the above equipment is a fleet of delivery trucks used to supply our 160 Retail Food Stores, operated by Jewel, but leased from a fleet owner.

Land and Buildings

Your company now has a gross investment in land and buildings of $6,000,000 which, after allowance for depreciation, has a net

book value of $4,020,000. Current replacement value of these properties is approximately $3,000,000 higher. These properties consist of our headquarters office and plant at Barrington, Illinois, (400,000 square feet), two major warehouses in Chicago (519,000 square feet), a small warehouse and plant in Los Angeles, and 9 small branch distribution buildings. Branch and store locations occupied on a lease basis represent an estimated investment by landlords of $14,000,000.

Equipment



The major classification of equipment which we own may be broadly described as retail store fixtures. Our net investment in this category is $3,189,000 and consists of the fixtures and equipment such as you see in the chain food store in your own neighborhood. The cost of some of the more common store fixtures is shown below:

	Cost Per Item
Cash registers	$1,200
Meat scales (calculating type)	325
Gliders (stainless steel)	15
Produce display racks	1,800
Dairy cases	500
Frozen food cases	1,040
Air conditioning installations	8,000

Our new supermarkets (10,000 to 15,000 square feet) require an investment of from $75,000 to $125,000 for equipment alone. Because of the rapid technical advancements in store equipment and fixtures, the maximum depreciation rates permitted by tax regulations are used for this type of equipment.

Production machinery in Barrington and Los Angeles, and office furniture and fixtures in all locations, totaling $1,236,000, make up the balance of this account.

GOODWILL—$1.00

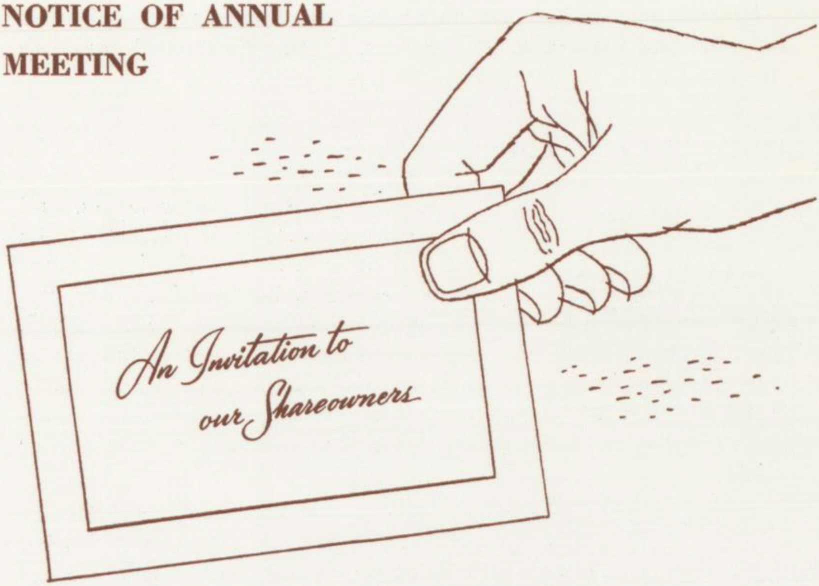
Although goodwill is our largest and most valued asset, it is carried at the nominal value of $1 on our balance sheet. Many years ago our goodwill was carried at an estimated value of $12,000,000, but since the measurement of this factor in terms of dollars is impossible, and in the interest of conservatism, the value was reduced in 1928 to the generally accepted nominal value of $1.

In financial circles goodwill is often measured by the difference between the book value of a company's common stock and its market value. If this criteria were applied to Jewel, our goodwill would be worth $25,535,000, based on the year-end market value of our common stock.

Goodwill is most often thought of in terms of a company's customers. In Jewel it implies a much broader field—employees, customers, shareowners, suppliers and the general public. The goodwill that a company enjoys is a direct reflection of its attitude toward the people with whom it comes in daily contact. Every member of the Jewel organization considers good public relations an important part of his or her job.

Many years ago Jewel adopted as a working slogan, the phrase "A better place to trade—A better place to work". Unlike many slogans that fall by the wayside, this one has grown to express our basic philosophy and has become a credo by which 6,949 Jewel people perform their daily tasks. This is our goodwill.

NOTICE OF ANNUAL MEETING



All Jewel shareowners are cordially invited to attend the annual meeting to be held at 12:00 noon on Tuesday, March 31, 1953, at the Biltmore Hotel in New York City. A proxy statement, proxy and notice of the meeting will be mailed on or about February 27, 1953 to the holders of common stock February 24, 1953. Comments or suggestions will be welcomed.

JEWEL TEA CO., INC.
FINANCIAL STATEMENTS

Auditors' Report

Chicago, Illinois
February 6, 1953

To the Board of Directors,
Jewel Tea Co., Inc.:

We have examined the balance sheet of Jewel Tea Co., Inc., as of January 3, 1953, and the related statements of income and accumulated earnings for the fifty-three weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and accumulated earnings present fairly the financial position of Jewel Tea Co., Inc., at January 3, 1953, and the results of its operations for the fifty-three weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche, Niven, Bailey & Smart

Certified Public Accountants.

INCOME ACCOUNT

	53 Weeks Ended Jan. 3, 1953	52 Weeks Ended Dec. 29, 1951
Sales and Revenues:		
Retail sales	$226,291,961	$209,244,029
Other sales and revenues	720,911	674,088
Total sales and revenues	227,012,872	209,918,117
Costs of Doing Business:		
Paid to or for the benefit of employees:		
Payrolls	31,947,530	28,923,952
Social security taxes	562,526	546,979
Contribution to Jewel Retirement Estates	941,837	1,137,165
Total	33,451,893	30,608,096
Products, materials, services, rents and interest	179,202,623	164,898,257
Depreciation	2,033,462	1,908,935
Maintenance and repairs	625,745	653,124
Doubtful accounts charged to operations	611,693	470,590
Federal income taxes	3,163,000	3,357,000
Federal excess profits tax	(148,000)	148,000
State, local and all other federal taxes	4,913,396	4,637,072
Total costs of doing business	223,853,812	206,681,074
Net Earnings from Operations	3,159,060	3,237,043
Add—refund of World War II excess profits taxes	—	347,256
Net Earnings for the Year	3,159,060	3,584,299
Dividends on preferred stock	263,353	266,644
Earnings applicable to common stock	$ 2,895,707	$ 3,317,655
Earnings per share of common stock	$ 5.12	$ 5.87

The notes which follow on pages 22 to 24 give

CO., INC.

BALANCE SHEET

ASSETS	Jan. 3, 1953	Dec. 29, 1951
Current Assets:		
Cash	$ 5,739,815	$ 5,512,775
U. S. Government securities	5,523,715	8,933,712
Accounts receivable	5,736,367	4,842,431
Inventories	18,959,645	16,453,677
Prepaid expenses and supplies	694,682	724,643
Total current assets	36,654,224	36,467,238
Deferred Charge—Premiums Advanced to Customers	1,655,313	1,322,752
Property, Plant and Equipment	11,162,729	11,523,249
Goodwill	1	1
	$ 49,472,267	$ 49,313,240
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses	$ 6,276,787	$ 6,452,212
Dividends payable	65,569	66,084
Accrued federal, state and local taxes	4,298,889	4,552,164
Accrued payrolls and profit sharing	2,255,610	2,588,618
Total current liabilities	12,896,855	13,659,078
Long Term Indebtedness	8,000,000	8,000,000
Capital Stock and Accumulated Earnings:		
Preferred stock	7,500,000	7,500,000
Common stock	6,299,442	6,240,207
Accumulated earnings—reserved for:		
Obsolescence and inventory valuation	750,000	750,000
Automobile accident and other self-insured losses	250,000	250,000
Accumulated earnings—unappropriated	14,283,474	13,367,208
	29,082,916	28,107,415
Less preferred stock in treasury	507,504	453,253
	28,575,412	27,654,162
	$ 49,472,267	$ 49,313,240

additional information about the financial statements.

ACCUMULATED EARNINGS

(Unappropriated)

REINVESTED IN THE BUSINESS

Balance, December 29, 1951		$13,367,208
Net earnings for the year, from Income Account	$3,159,060	
Less:		
Dividends to owners of the business:		
Preferred shareowners—$3.75 per share	263,353	
Common shareowners—$3.50 per share	1,979,441	
	2,242,794	
Earnings for the year reinvested in the business		916,266
Balance, January 3, 1953		$14,283,474

The notes below and on pages 23 and 24 give additional information about the financial statements.

INFORMATION ABOUT THE FINANCIAL STATEMENTS

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Items on the balance sheet have been reduced by an allowance for doubtful accounts as follows:

	Jan. 3, 1953	Dec. 29, 1951
Accounts receivable	$247,408	$216,631
Premiums advanced to customers	63,271	55,066

INVENTORIES

Inventories at January 3, 1953 are valued at the lower of cost or market. Cost, except for green (unroasted) coffee, is determined on the general principle of "first-in, first-out". Green coffee inventory cost is determined in accordance with the "last-in, first-out" (LIFO) method.

Inventories at the year end consisted of the following:

	Jan. 3, 1953	Dec. 29, 1951
Green coffee and other raw materials	$ 2,804,709	$ 2,461,913
Finished merchandise	16,154,936	13,991,764
	$18,959,645	$16,453,677

INFORMATION ABOUT THE FINANCIAL STATEMENTS

(Continued)

PROPERTY, PLANT AND EQUIPMENT

It is company policy to acquire the use of retail store and branch office-warehouse properties under lease agreements wherever possible. These leases, presently 226 in number (generally for 5-year terms but for no longer than 10 years), do not include provisions for purchase of the subject properties nor the assumption of ownership obligations, and the annual commitments thereunder beyond five years are not significant.

A schedule of property, plant and equipment, together with related allowances for depreciation, is shown in the table below:

	Jan. 3, 1953	Dec. 29, 1951
Cost:		
Land	$ 778,547	$ 668,523
Buildings	5,221,250	5,147,913
Motor vehicles	6,064,972	5,905,616
Store equipment, office equipment and machinery	8,350,054	7,544,697
Total cost of property, plant and equipment	20,414,823	19,266,749
Allowance for depreciation:		
Buildings	1,979,683	1,799,961
Motor vehicles	3,347,453	2,572,847
Store equipment, office equipment and machinery	3,924,958	3,370,692
Total allowance for depreciation	9,252,094	7,743,500
Book value of property, plant and equipment	$11,162,729	$11,523,249

LONG TERM INDEBTEDNESS

The company is indebted to two insurance companies for $5,000,000 on its 2.85% unsecured notes, payable in equal annual installments beginning February 1, 1962, with a final maturity on February 1, 1971.

The company is also indebted to a group of its principal banks for $3,000,000 on its 2.25% unsecured 90-day notes. This loan is on a revolving credit basis until January 5, 1954, at which time the principal amount may be converted, in whole or in part, into a term loan at the company's option. Repayment terms call for 8% of the principal amount in each of the years 1955 through 1960 with a final payment of 52% in 1961.

Interest on long term indebtedness totaled $213,023 in 1952.

INFORMATION ABOUT THE FINANCIAL STATEMENTS

(Continued)

PREFERRED STOCK—STOCK IN TREASURY

Preferred stock is 3¾% cumulative $100 par value, and 75,000 shares have been authorized and issued.

The company must acquire on or before each June 30, commencing in 1950, at least 1,500 shares in connection with sinking fund requirements of the issue. There were 5,060 shares of preferred stock in the treasury on January 3, 1953 valued at acquisition cost of $507,504, of which 4,500 shares have been specifically earmarked for the annual sinking fund requirements through June 30, 1952. It is planned to formally retire these preferred shares at five-year intervals.

COMMON STOCK

Common stock of no-par value consists of 900,000 authorized shares. At January 3, 1953 there were 565,907 shares issued and outstanding. In 1952, 993 shares were issued to employees under terms of the company's employee stock purchase plan and the proceeds of $59,235 were credited to the Common Stock Account.

ACCUMULATED EARNINGS *(Unappropriated)*

Under the terms of the Note Agreement with insurance companies and the preferred stock provisions of the certificate of incorporation (the terms of the Note Agreement governing), $6,233,359 is available as of January 3, 1953 for cash dividends on common stock.

OFFICERS AND DIRECTORS

DIRECTORS

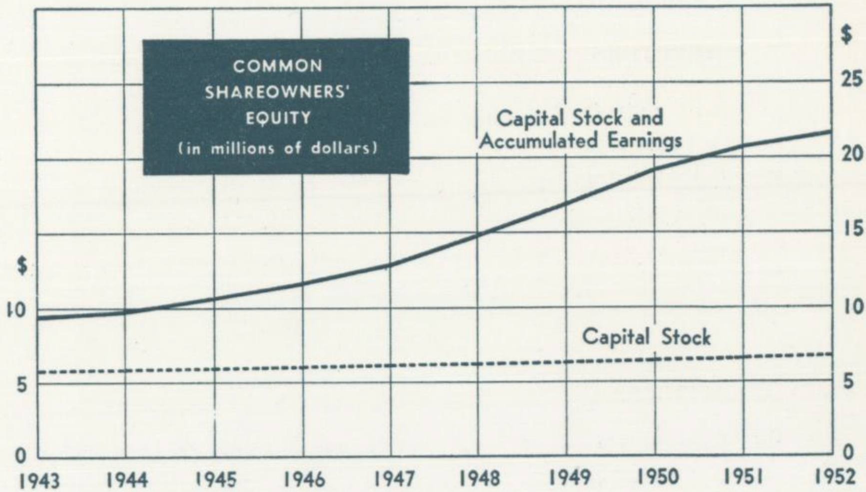
H. S. Bowers
G. L. Clements
J. M. Friedlander
W. A. Gerbosi
John M. Hancock
A. V. Jannotta
F. J. Lunding
E. H. McDermott
J. M. O'Connor
C. B. Thompson
R. R. Updegraff

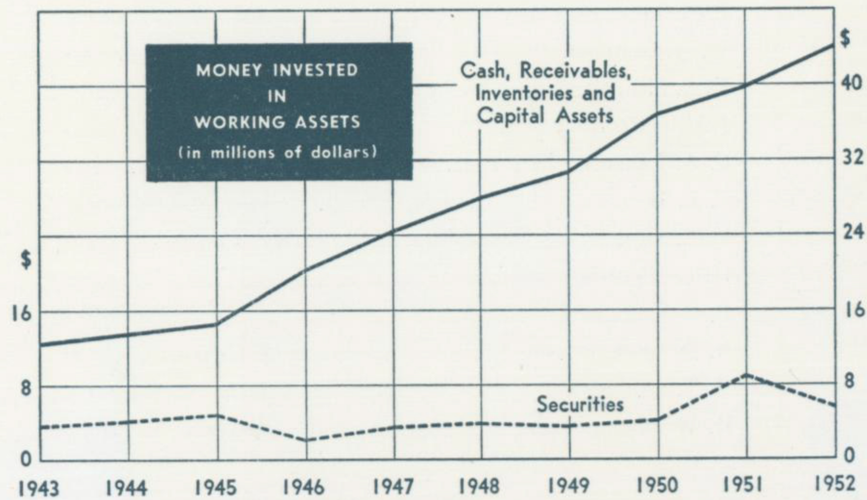
OFFICERS

JOHN M. HANCOCK	*Chairman—Board of Directors*
F. J. LUNDING	*Chief Executive Officer*
G. L. CLEMENTS	*President*
J. M. FRIEDLANDER	*Financial Vice President*
W. A. GERBOSI	*Vice Pres. & General Manager—Routes*
E. A. MILLER	*Vice Pres. & General Manager—Stores*
J. M. O'CONNOR	*Vice President—Imports*
C. A. LARSON	*Vice Pres. & Merchandise Manager—Routes*
E. E. HARGRAVE	*Vice Pres., Administration—Stores*
M. S. MORSE	*Vice Pres. & Operating Manager—Stores*
H. G. HOMUTH	*Treasurer*
P. F. SEIGER	*Controller*
R. D. STURTEVANT	*Secretary & General Counsel*
E. T. VORBECK	*Assistant Secretary*
R. W. WILLIAMSON	*Assistant Secretary*

A PICTURE OF THE

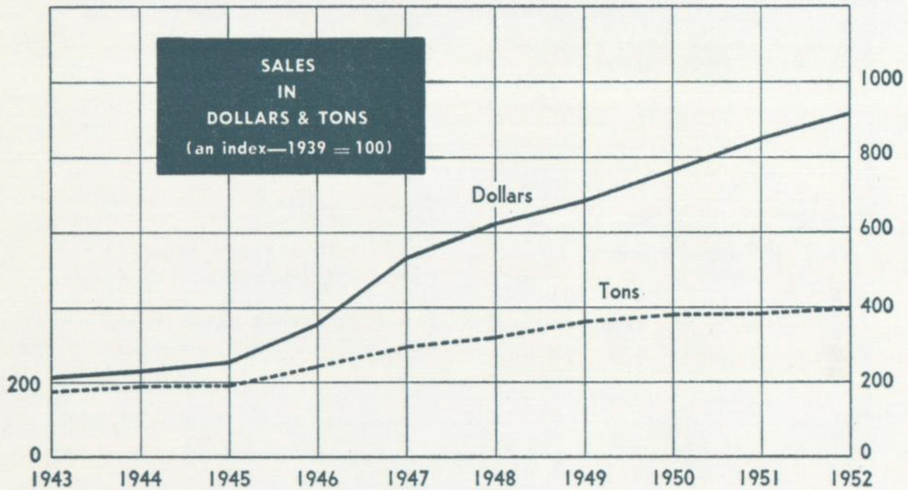
JEWEL TEA

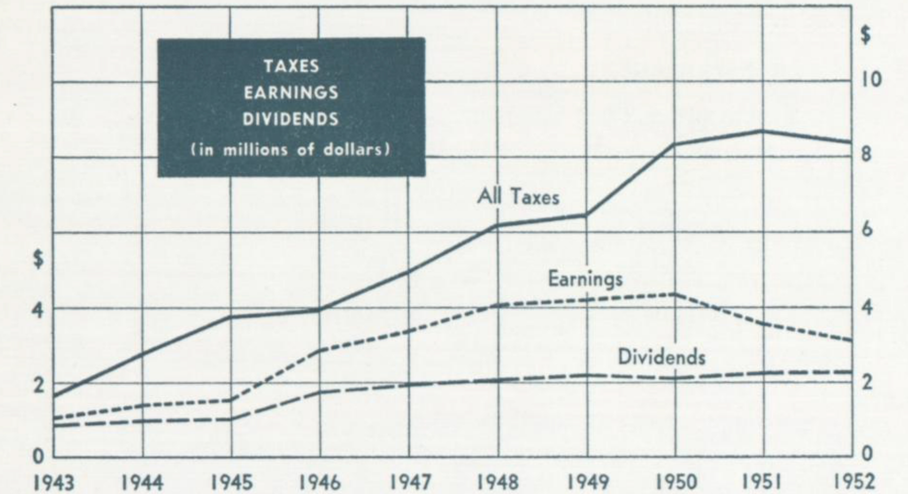




PAST TEN YEARS

CO., INC.





JEWEL TEA CO., INC.

A NEW YORK CORPORATION

PRINCIPAL OFFICES

Chief Executive Officer and the President	135 South LaSalle Street, Chicago 3, Illinois
Corporate	Jewel Park, Barrington, Ill.
Jewel Food Stores	3617 South Ashland Avenue, Chicago 9, Illinois
Home Service Routes	Jewel Park, Barrington, Ill.
Importing	99 Wall Street, New York City

STOCK LISTING

No-Par Common Stock and 3¾% Cumulative Preferred Stock
Listed on the New York Stock Exchange

TRANSFER AGENT

Manufacturers Trust Company, 55 Broad Street
New York 15, N. Y.

REGISTRAR

Bankers Trust Company, 46 Wall Street
New York 15, N. Y.

This report is submitted to the shareowners of the Corporation for their information and is not intended to be used in connection with the sale of or offer to sell any securities, nor is it intended to be information required to be included in a prospectus within the meaning of the provisions of the Federal Securities Act of 1933, as amended.

JEWEL